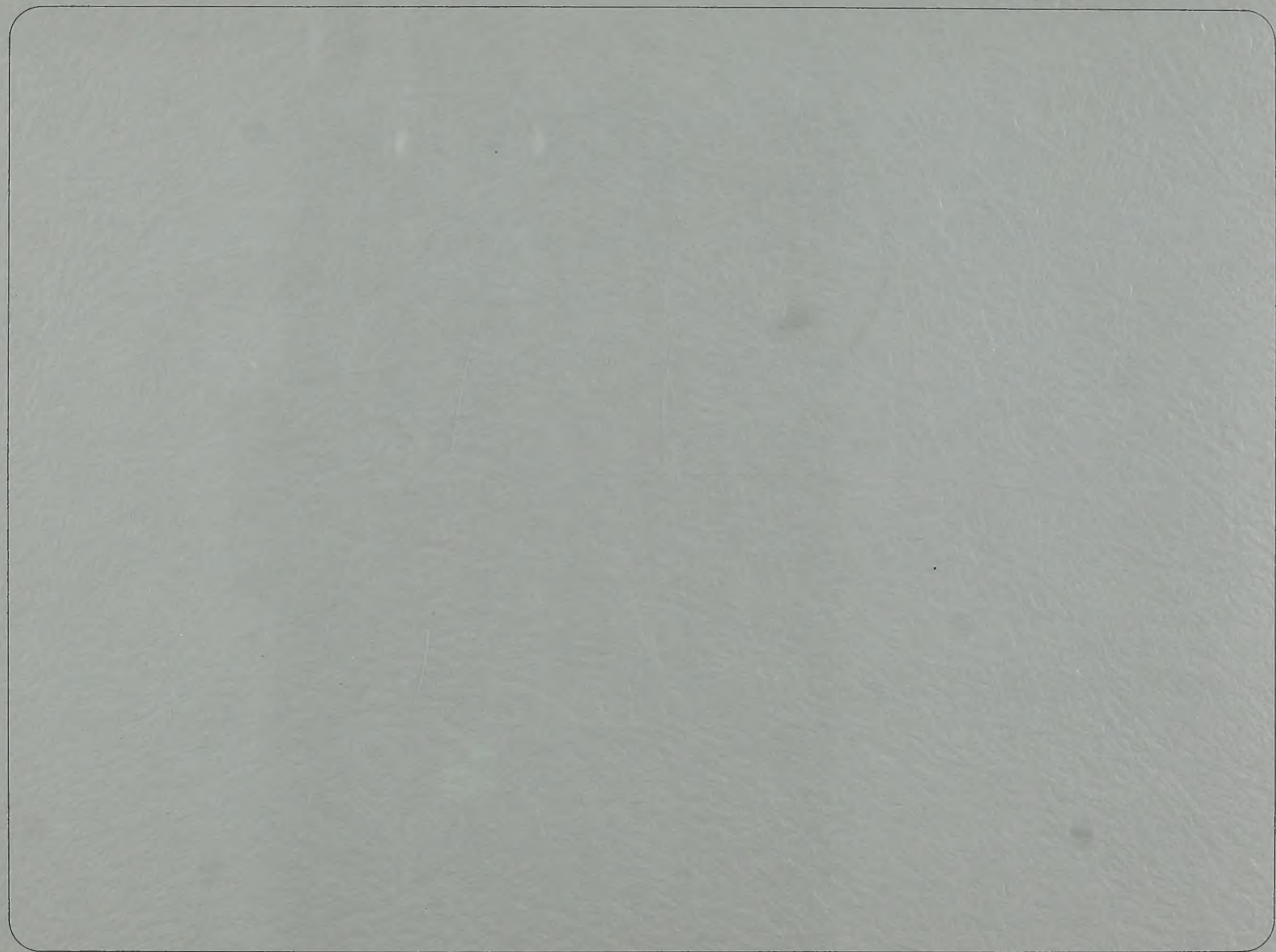


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annual
report

1968 1969

MANITOBA TELEPHONE SYSTEM





ANNUAL REPORT

for the fiscal year ended March 31, 1969

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MANITOBA TELEPHONE SYSTEM
489 EMPRESS STREET
WINNIPEG 10, MANITOBA

MANITOBA TELEPHONE SYSTEM

MINISTER OF FINANCE
THE HONOURABLE E. GURNEY EVANS

BOARD OF COMMISSIONERS

J. F. MILLS
Chairman and General Manager

J. H. CHIPPERFIELD

N. E. RODGER

D. M. STANES, MLA

S. L. DAVIES, Q.C.
Secretary

EXECUTIVE

J. F. MILLS
General Manager

J. FENTON
Assistant General Manager and
Manager of Operations and Engineering

G. V. WILLIAMSON
Comptroller

ADMINISTRATIVE OFFICERS

G. H. BACKHOUSE
General Commerical Manager

S. L. DAVIES, Q.C.
General Counsel

J. W. BUTCHARD
Personnel and Public Relations Manager

G. A. MUIR
Chief Engineer

F. C. CAVERS
General Plant Manager

R. B. ROSS
Architect and Superintendent of Buildings

S. N. WILLIAMS
General Traffic Manager

HIGHLIGHTS OF THE REPORT

EXPANSION OF SERVICES

- Telephones increased 17,075 to total 402,967
- Long distance calls increased 10.7 per cent to 14.3 million
- Local calls increased 3.6 per cent to 907.8 million
- Dial offices established in 20 communities
- 94 per cent of System telephones are automatic dial

CONSTRUCTION TO MEET DEMAND

- Some 2,580 miles of wire and cable buried
- 400 long distance circuits added to the provincial toll network
- Four new radio relay systems placed in service
- Construction of Northern Manitoba radio relay system nearing completion
- 20 new buildings constructed and alterations made to five others

FINANCIAL RESULTS

- Capital expenditures amounted to \$32 million
- Investment in telephone plant reached \$263.7 million
- Revenue rose 12.9 per cent to \$50,174,775
- Expenses rose 12.9 per cent to \$47,718,661
- Net income amounted to \$2,456,114
- \$17.5 million bond issue fully subscribed

OUTLOOK FOR THE CURRENT YEAR

- Dial conversion and rural service improvement will continue
- 18,500 telephones will be added to the Provincial network
- Forecast capital expenditures are \$29.9 million

SUMMARY OF REVENUE AND EXPENSES

	April, 1968 March, 1969	April, 1967 March, 1968	Increase
REVENUES			
Local Service	\$21,498,292	\$20,199,594	\$ 1,298,698
Toll Service	25,390,408	21,685,060	3,705,348
Miscellaneous	3,462,960	2,758,560	704,400
	<u>50,351,660</u>	<u>44,643,214</u>	<u>5,708,446</u>
Less:			
Uncollectible operating revenues ...	<u>176,885</u>	<u>181,964</u>	<u>5,079</u>
Total revenues	<u>50,174,775</u>	<u>44,461,250</u>	<u>5,713,525</u>
EXPENSES			
Operation	13,717,423	12,648,833	1,068,590
Maintenance	11,498,714	11,578,160	79,446
Depreciation	11,548,962	8,784,339	2,764,623
Operating taxes	1,111,752	932,158	179,594
Debt charges	9,841,810	8,321,965	1,519,845
Total expenses	<u>47,718,661</u>	<u>42,265,455</u>	<u>5,453,206</u>
NET INCOME	<u>\$ 2,456,114</u>	<u>\$ 2,195,795</u>	<u>\$ 260,319</u>

Italic Figures Denote Decrease

THE YEAR IN BRIEF

As the Manitoba Telephone System entered its 61st year the rate of service expansion during 1968-69 was never greater.

The System made record capital expenditures of \$32 million and the total investment in telephone plant reached \$263.7 million.

More than 17,000 new telephones were added,

bringing the total number of telephones to 402,967, a yearly increase which has been surpassed only once in the System's history.

Automatic dial telephone service and Direct Distance Dialing were extended to more exchanges than ever before and major improvements in northern Manitoba communications resulted from increased application of modern technology.

As a special service to emergency callers and tourists, location signs were placed in all Metro Winnipeg outdoor telephone booths. A

similar programme is underway in provincial areas. The System is the first telephone company in Canada to equip all outdoor booths this way.

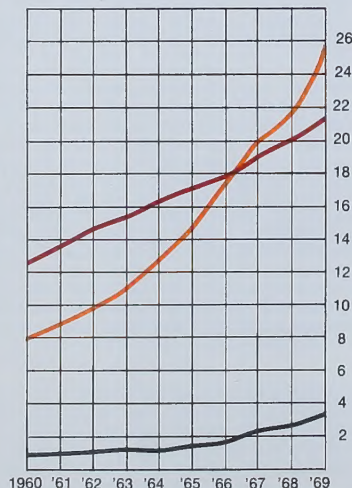
The Manitoba Telephone System faces the challenge of continuing expansion in order to meet the need for communications created by accelerating growth and development in our province—a task made increasingly difficult by continually rising costs.

The quality of human resources, steady improvement of technology and operating meth-

REVENUES

IN MILLIONS OF DOLLARS

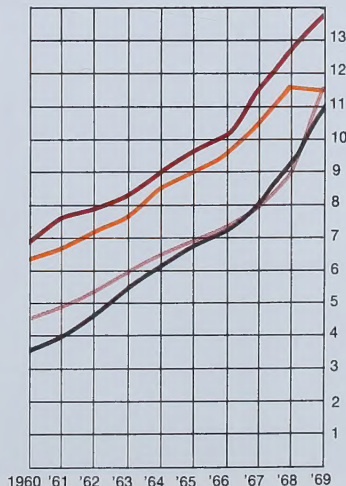
LOCAL SERVICE
TOLL SERVICE
MISCELLANEOUS



EXPENSES

IN MILLIONS OF DOLLARS

OPERATION
MAINTENANCE
DEPRECIATION
DEBT CHARGES & TAXES



TELEPHONE PROPERTY

IN MILLIONS OF DOLLARS

TOTAL PLANT
IN SERVICE



ods, and the continued co-operation between management and staff are all positive forces in meeting this requirement for communications. Money and manpower were put to efficient use in providing communications essential to modern business and vital to today's environment.

The year 1969-70 will require capital spending of \$29.9 million to provide for future growth and meet the need to continually modernize. Facilities required to meet Manitoba's challenges of growth must be available when required, necessitating a forward commitment of capital and resources.

As a first step toward developing a domestic communications satellite system for Canada, draft legislation to establish the Telesat Canada corporation was introduced in the House of Commons. The Trans-Canada Telephone System, of which the Manitoba Telephone System is a member, has made a proposal to share in the development and use of this dynamic addition to the nation's telecommunications.

The System gratefully acknowledges the guidance and the personal interest shown in its operations by the Honourable Stewart E. McLean, Q.C., Minister of Public Utilities, and by the Honourable E. Gurney Evans, Minister of Finance, who assumed responsibility for the Provincial utilities later in the year.

We regret to record the death of Board member Harry P. Shewman, M.L.A., during the year. A dedicated Manitoban, Mr. Shewman made an outstanding contribution to the affairs of the System by his counsel and understanding. Having ably served the System since 1962, W. T. Wylie resigned from the Board in August, 1968.

Two new members, N. Elliot Rodger and Douglas M. Stanes, M.L.A., both bringing wide and varied experience, were appointed to the Board during the year.

Portions of this new radio relay system were opened for service during the year to improve communications in northern Manitoba.



FINANCIAL

The rapid expansion of communications facilities in Manitoba coupled with the greater use of System services enabled the rate of revenue increase to match that of expenses. This resulted in a slightly larger net income than was evident last year.

Revenue from all sources increased by 12.9 per cent to \$50,174,775 while expenses rose 12.9 per cent to \$47,718,661. Net income was \$2,456,114.

Several factors contributed to an improved revenue position, not the least of which was the nation-wide postal strike which resulted in greater use of long distance facilities. It should also be noted that in order to sustain a favourable revenue position, the System has undertaken a more positive marketing approach to promote and sell its varied services.

Despite energetic management at all levels, meticulous attention to productivity, the timely introduction of improved methods and technology, and the prudent use of our financial resources, the rate of increase in the cost of operating the business continues to rise. It is becoming increasingly evident that these measures cannot stand alone indefinitely in successfully combating the mounting pressures of costs, particularly the continuing need for large amounts of capital monies at ever-increasing rates of interest, the rising cost of equipment and material, and the requirement to provide fair and equitable treatment of our employees.

Capital expenditures for growth and modernization continued at a high level and totalled \$32 million for the year. Part of these expenditures were met by a fully-subscribed bond issue of \$17.5 million, carrying an interest rate of 7.75 per cent — the highest paid to date. Investment in telephone plant reached \$263.7 million.

THE NORTH

The extension of high-quality, diversified communications to northern Manitoba remains a priority.

The telecommunications needs of northern developments are being met by the new northern radio relay system routed from Winnipeg through the Interlake region. Live network television is now carried on the system to Fisher Branch, Grand Rapids, The Pas, Snow Lake, Flin Flon, and Thompson under arrangements with the Canadian Broadcasting Corporation. On completion in the summer of 1969, the new system will also carry live television to Gillam and increase the capacity and reliability of long distance telephone communications for residents of many communities in the Interlake area as well as The Pas, Flin Flon, Cranberry Portage, Snow Lake, Thompson, Wabowden and Gillam.

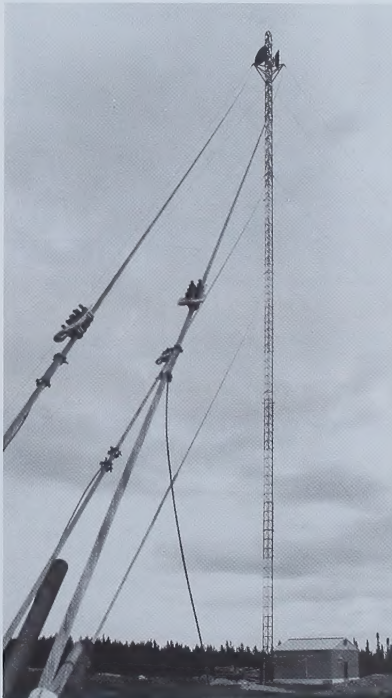
Additional long distance circuits were established to Lynn Lake, and equipment has been ordered for a radio system which will provide communication between Lynn Lake and the new mining development at Fox Lake. More long distance circuits were provided at other northern points to meet growing traffic needs.

Improvements were made to the System's radiotelephone network. This network presently meets the diversified needs of nursing stations, aircraft, tractor trains and boats from base stations at The Pas, Norway House and Gimli.

All telephone customers north of the 53rd parallel are now served by automatic dial exchanges and the System's total investment in northern telephone facilities exceeds \$10,000,000.

Exceptional growth was realized at Gillam where the number of telephones increased from 313 to 562 during the year, and at Thompson where 843 phones were added to make a total of 4,343 serving the town. Dial equipment capable of providing telephone service to 2,000 more Thompson customers was also installed.

In a move designed to further enhance service capabilities, administrative realignments were made to establish a Northern Region. The new region with headquarters in Thompson, is headed by a Northern Manager who co-ordinates all System operations north of the 53rd parallel and ensures the most effective use of System resources.



This radio relay tower at Long Point near Grand Rapids has provided more communications in northern Manitoba.

LONG DISTANCE

From April 1, 1968 to March 31, 1969, Manitobans placed 14.3 million long distance calls, an increase of 10.7 per cent over the previous year.

The increasing availability of Direct Distance Dialing, coupled with an expanded network has contributed to this greater use of long distance facilities.

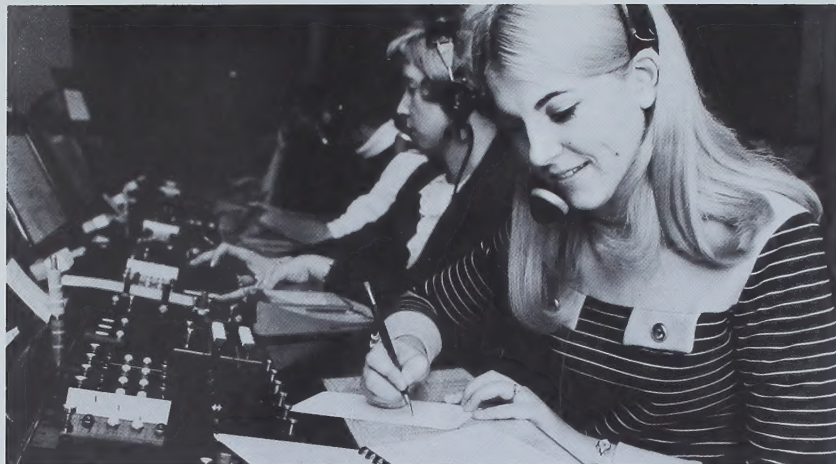
Reduced rates for many station-to-station long distance calls stimulated traffic growth and provided significant savings for telephone customers. The new rates, introduced by the Manitoba Telephone System and the Trans-Canada Telephone System, enable customers to call anywhere in Manitoba for 65 cents or less and anywhere in Canada and the U.S.A. for \$1.00 or less between midnight and 6 a.m. The low rates in Manitoba are also in effect all day Sunday. The bargain rates effectively utilize Direct Distance Dialing where DDD is available. However, operator handled station-to-station calls not requiring special assistance also qualify for the new rates in exchanges where DDD is not yet available.

To meet the increasing requirement for communications in the province and nation, the System added 400 channels involving more than 16,000 circuit miles to its provincial toll network during the past year.

Direct Distance Dialing facilities are being steadily expanded. Customers are now able to dial their own station-to-station long distance calls from nearly 73 per cent of all the telephones in the province. Twenty-four exchanges were provided with this service during the year. DDD is now available in 40 exchanges in addition to Metropolitan Winnipeg.

A three-storey addition to the System's Fort Rouge building was completed during the year, providing space for equipment to meet the increasing volume of long distance calls.

New radio relay installations played an important part in the expansion of System long distance facilities. The inter-provincial radio



Efficient telephone operators combined with advanced equipment to handle an increasingly high volume of long distance calls during the year.

relay system between Winnipeg, Regina and Edmonton was placed in service as part of a future second Trans-Canada network. This system also provides inter-connecting circuits for the System's dial conversion program in southern Manitoba. Work is in progress on the Winnipeg to Fort William Eastern Canada portion of this system. Radio systems were also established between Lac du Bonnet and Bernic Lake, Brandon and Oak River, and Dauphin and Grandview.

The System shares in nation-wide communications projects as a member of the Trans-Canada Telephone System which is composed of eight major Canadian telephone organizations. Each company participates in the planning of the national long distance network and builds, maintains and operates the facilities within its own territory.

Capital expenditures for new long distance facilities totalled \$8,500,000.

Indicative of the growth of long distance telephone communications is the expansion of the System's Fort Rouge Building. A 3-storey addition to the section at right was completed during the year.



WINNIPEG GROWTH

The number of telephones serving Metro Winnipeg customers increased by 10,699 during the past year to 263,789 while equipment additions made facilities available for a forecast growth of 8,800 more customers.

Construction of the new Gateway Road exchange in the north-eastern section of Metro Winnipeg started in February. The new exchange will be placed in service during the summer of 1970.

As reported last year, individual line service is now fully available within the Winnipeg base rate area. More than 1,000 customers with residence two-party service availed themselves of this improved service during the past year. It is interesting to note that the remaining 11,621 two-party customers have indicated their preference for this grade of service. A total of 6,761 residence individual lines were added during the year.

Touch Tone telephones were offered in seven Metro Winnipeg exchanges and were well received by customers. The modern push-button telephones made their debut to Manitobans last year in Brandon.

**MANITOBA TELEPHONE SYSTEM
BALANCE SHEET
AND
FINANCIAL STATEMENTS**

STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1969

	1969	1968
OPERATING REVENUES		
Local service	\$21,498,292	\$20,199,594
Toll service	25,390,408	21,685,060
Miscellaneous	1,766,328	1,630,509
	<u>48,655,028</u>	<u>43,515,163</u>
Less: Uncollectible operating revenues ...	176,885	181,964
	<u>48,478,143</u>	<u>43,333,199</u>
OPERATING EXPENSES		
Maintenance (note 5)	11,498,714	11,578,160
Depreciation (note 5)	11,548,962	8,784,339
Traffic	5,111,471	4,849,695
Commercial	3,747,954	3,447,052
General and administration	4,857,998	4,352,086
Grants in lieu of taxes and other levies	1,111,752	932,158
	<u>37,876,851</u>	<u>33,943,490</u>
NET OPERATING INCOME	<u>10,601,292</u>	<u>9,389,709</u>
OTHER INCOME		
Interest and miscellaneous	1,696,632	1,128,051
INCOME BEFORE DEBT CHARGES	<u>12,297,924</u>	<u>10,517,760</u>
DEBT CHARGES		
Interest	9,467,428	7,986,846
Amortization of bond discount	186,270	172,007
Other fixed charges	188,112	163,112
	<u>9,841,810</u>	<u>8,321,965</u>
NET INCOME	<u>\$ 2,456,114</u>	<u>\$ 2,195,795</u>

BALANCE SHEET AT MARCH 31, 1969
WITH COMPARATIVE FIGURES FOR 1968

	1969	1968
ASSETS		
TELEPHONE PROPERTY		
Plant and equipment (note 1)	\$263,764,855	\$239,054,762
Less: Accumulated depreciation	<u>78,119,280</u>	<u>72,852,912</u>
	<u>185,645,575</u>	<u>166,201,850</u>
SINKING FUND (note 2)		
Invested in securities—at cost, 1969 market value \$4,060,139	4,656,524	2,824,911
Amount included with Province of Manitoba sinking fund	8,041,215	8,699,621
Cash in custody of Provincial Treasurer	<u>223,996</u>	<u>831,975</u>
	<u>12,921,735</u>	<u>12,356,507</u>
RESERVE FUND		
Invested in securities—at cost, 1969 market value \$2,581,243 (note 3)	<u>3,138,244</u>	<u>4,138,994</u>
CURRENT ASSETS		
Cash and temporary cash investments	2,933,713	10,762,638
Accounts receivable	5,963,329	5,384,023
Material and supplies—at cost	2,801,307	4,327,730
Prepayments	<u>428,693</u>	<u>460,404</u>
	<u>12,127,042</u>	<u>20,934,795</u>
DEFERRED CHARGES		
Unamortized discount on long term debt	2,548,399	2,467,484
Other deferred charges	<u>360,858</u>	<u>303,328</u>
	<u>2,909,257</u>	<u>2,770,812</u>
	<u>\$216,741,853</u>	<u>\$206,402,958</u>

CAPITAL EMPLOYED AND LIABILITIES

	1969	1968
CAPITAL EMPLOYED		
Retained earnings invested in plant	\$ 21,387,325	\$ 18,982,257
Unappropriated retained earnings	4,359,919	3,903,805
Contingency reserves (schedule A)	447,949	473,449
Rate stabilization reserve (schedule B)	3,263,200	3,263,200
Special development reserve (schedule C)	901,434	1,306,502
	<u>30,359,827</u>	<u>27,929,213</u>

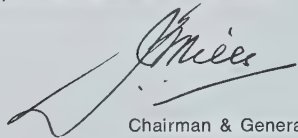
LONG TERM DEBT (note 4)

Province of Manitoba (schedule D)	47,517,027	57,017,027
Bonds payable (schedule E)	132,579,709	115,079,709
	<u>180,096,736</u>	<u>172,096,736</u>

CURRENT LIABILITIES

Accounts payable	3,468,740	3,862,042
Advance billings and payments	959,911	826,530
Accrued interest	1,856,639	1,688,437
	<u>6,285,290</u>	<u>6,377,009</u>

Approved on behalf of the Board:



Chairman & General Manager



Commissioner

<u>\$216,741,853</u>	<u>\$206,402,958</u>
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STATEMENT OF UNAPPROPRIATED RETAINED EARNINGS

FOR THE YEAR ENDED MARCH 31, 1969

	1969	1968
BALANCE AT BEGINNING OF YEAR	\$ 3,903,805	\$ 3,989,788
ADDITIONS		
Net income for year	2,456,114	2,195,795
Transfer from special development reserve	405,068	423,360
	<u>6,764,987</u>	<u>6,608,943</u>
DEDUCTIONS		
Transfer to retained earnings invested in plant	2,405,068	2,423,360
Provision for redemption premium on bonds payable in U.S. funds	—	281,778
	<u>2,405,068</u>	<u>2,705,138</u>
BALANCE AT END OF YEAR	<u>\$ 4,359,919</u>	<u>\$ 3,903,805</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED MARCH 31, 1969

SOURCE OF FUNDS

	1969	1968
Net income for year	\$ 2,456,114	\$ 2,195,795
Depreciation and amortization	12,218,171	9,416,406
Net recovery from telephone property retired ..	480,795	2,176,080
Deferred and miscellaneous items	(83,030)	73,389
Total from operations	15,072,050	13,861,670
Net proceeds from sale of bonds	17,232,815	19,796,206
Transfer from reserve fund	1,000,750	—
Decrease in working capital	8,716,034	—
	<u>\$42,021,649</u>	<u>\$33,657,876</u>

APPLICATION OF FUNDS

Gross additions to plant	\$31,956,421*	\$28,597,838
Government advances repaid	9,500,000	—
Less: Portion from sinking fund	1,900,000	—
	<u>7,600,000</u>	<u>—</u>
Contributions to sinking fund	2,465,228	1,932,651
Increase in working capital	—	3,127,387
	<u>\$42,021,649</u>	<u>\$33,657,876</u>

* Includes \$1,533,384 of station equipment from the Material and Supplies inventory transferred to telephone property accounts coincident with introduction of revised station accounting.

NOTES TO FINANCIAL STATEMENTS

1. TELEPHONE PROPERTY

With minor exceptions, telephone property is stated at cost to the System. Values, by class of plant, at March 31:

	1969	1968
Land	\$ 1,443,727	\$ 1,375,500
Buildings and towers	23,580,703	21,332,003
Central office equipment	88,755,577	78,388,847
Station equipment	42,467,982	37,875,557
Pole lines	17,513,554	18,528,549
Aerial cable and wire	25,382,676	25,207,261
Underground cable and wire	35,921,099	30,825,988
Submarine cable	475,316	397,016
Underground conduit	13,307,481	12,020,749
Furniture and office equipment	1,611,151	1,522,019
Vehicles and other work equipment	4,572,140	4,409,517
Plant under construction	8,733,449	7,171,756
	<u>\$263,764,855</u>	<u>\$239,054,762</u>

2. SINKING FUND

The sinking fund is established under requirements of The Manitoba Telephone Act. The System is obligated to pay annually to the Provincial Treasurer, as trustee for the fund, an amount not less than 1% of the long term debt outstanding at the end of the preceding fiscal year and 4% on the sinking fund balance at the end of the preceding fiscal year. Investments of the fund are in securities authorized by The Treasury Act of the Province of Manitoba.

3. RESERVE FUND

These investments are securities of or guaranteed by the Government of Canada or the Province of Manitoba.

4. LONG TERM DEBT

Securities maturing within one year amount to \$6,790,000.

5. MAINTENANCE AND DEPRECIATION

The introduction, in the current year, of new methods of accounting for station equipment and associated wiring resulted in charges to depreciation which previously would have been charged to maintenance expense. \$1,636,491 of the current year's provision for depreciation is attributable to this change in accounting.

SCHEDULE OF RESERVES

	1969	1968
(A) CONTINGENCY RESERVES		
BALANCE AT BEGINNING OF YEAR	\$ 473,449	\$ 503,961
Add:		
Retired employees contributions to death benefit plan	1,566	1,140
	<u>475,015</u>	<u>505,101</u>
Deduct:		
Self insured losses	13,566	17,152
Payment on death benefit claims ..	13,500	14,500
	<u>27,066</u>	<u>31,652</u>
BALANCE AT END OF YEAR	<u>\$ 447,949</u>	<u>\$ 473,449</u>

(B) RATE STABILIZATION RESERVE

BALANCE (unchanged during year)	<u>\$3,263,200</u>	<u>\$3,263,200</u>
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(C) SPECIAL DEVELOPMENT RESERVE

BALANCE AT BEGINNING OF YEAR	\$1,306,502	\$1,729,862
Deduct:		
Transferred to retained earnings re capital expenditures made during year	405,068	423,360
BALANCE AT END OF YEAR	<u>\$ 901,434</u>	<u>\$1,306,502</u>

SCHEDULE OF LONG TERM DEBT

	1969	1968
(D) PROVINCE OF MANITOBA		
Advances from the Province of Manitoba		
Series 5Y 3% due September 15, 1968	\$ —	\$ 4,500,000
Series 6J 4½% due October 1, 1968	—	5,000,000
Series 6G 4% due October 1, 1969	3,290,000	3,290,000
Series 6H 4½% due March 16, 1970	3,500,000	3,500,000
Series 6A 3½% due June 15, 1971 *	3,500,000	3,500,000
Series 6B 3½% due September 1, 1971 *	1,000,000	1,000,000
Series 6C 3½% due September 15, 1971 *	2,000,000	2,000,000
Series 6L 3¼% due October 1, 1975	6,000,000	6,000,000
Series 6P 4¾% due December 15, 1976	4,500,000	4,500,000
Series 6M 3½% due March 15, 1978	7,100,000	7,100,000
Series 7P 6% due December 1, 1979	4,600,000	4,600,000
Series 8G 5¾% due January 15, 1981	11,500,000	11,500,000
United States exchange adjustment	527,027	527,027
	<u>\$ 47,517,027</u>	<u>\$ 57,017,027</u>

(E) BONDS PAYABLE

Debentures issued by the System fully guaranteed by the Province of Manitoba.

Series 1H 7¾% due February 15, 1974 **	\$ 17,500,000	\$ —
Series 1A 5½% due February 1, 1982	20,000,000	20,000,000
Series 1B 5½% due November 15, 1983	15,000,000	15,000,000
Series 1D 5¼% due December 1, 1984	12,000,000	12,000,000
Series 1C 5½% due December 2, 1986	12,500,000	12,500,000
Series 1E 5% due January 15, 1991 *	14,500,000	14,500,000
Series 1F 6¼% due December 1, 1991	20,000,000	20,000,000
Series 1G 7% due February 15, 1993	20,000,000	20,000,000
Exchange premium at time of issue on bonds payable in United States dollars.	1,079,709	1,079,709

* Payable in United States dollars.

** Convertible at holder's option, on or before August 15, 1973 into 7¾% bonds maturing February 15, 1989.

<u>\$132,579,709</u>	<u>\$115,079,709</u>
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RURAL GROWTH

Twenty provincial exchanges were converted to automatic dial service during the year. This constitutes a record. Some 10,000 telephone customers received this improved service at a cost of approximately \$5,000,000.

At year end there were 379,192 dial telephones in the province which represents 94 per cent of the 402,967 System telephones in service. Exchanges in the following communities were changed from manual to dial operation: Oak River, St. Adolphe, Ste. Agathe, Elgin, Hamiota, Portage la Prairie rurals, MacGregor, Austin-Sidney, Shoal Lake, Oakville, Emerson, Fisher River, Rorketon, Ste. Rose du Lac, Sanford, Headingley, Killarney rurals, Fort Churchill, Newdale and Beausejour.

An additional 6,376 telephones were installed in the provincial area bringing the total in service outside Metro Winnipeg to 139,178.

In 1965 the System started an accelerated program to improve rural service by reducing the average number of customers on each rural line. Since then, 1,841 rural lines have been added throughout the province and the average number of customers on each rural line has been reduced from 7.3 to 5.8. Some \$6.7 million has been invested in this aspect of the System's rural service improvement program including \$2 million in 1968-69.

Using buried cable facilities wherever practical and feasible, the System last year buried a total of 2,587 miles of wire and cable to extend and rehabilitate telephone plant in the province. This is an increase of 26 per cent over the previous year.

NEW TECHNIQUES

Advanced techniques and administration methods are used throughout the System to ensure optimum return on available resources.

- Increased productivity in the construction programme resulted from better management, methods and tools.
- New maintenance procedures used in telephone exchanges resulted in improved services and reduced costs.
- A mechanized system for obtaining traffic data from telephone exchanges effects more efficient and economic use of equipment.
- Improved speed was brought to billing operations by converting our records system from punched-cards to magnetic tape, while the



Using the latest in methods and techniques, the System buried over 2,500 miles of wire and cable to extend and improve telephone service.



Emerson's attractive new dial exchange was one of 20 opened during the year.

existing toll billing system is also being redesigned to take full advantage of modern computer equipment.

Formation of the Northern Region was part of a province-wide reorganization of System operations under a regional concept. A Western Region was also formed with head office in Brandon for the administration of all commercial operations west of Sidney and south of the 53rd parallel. These two new administrative units, together with the Winnipeg Region formed last year and the Eastern Region formed in 1966, enable the System to maintain a high grade of customer service in these days of rapid expansion.

Continued emphasis on safe working conditions and habits by both management and staff resulted in a fewer number of accidents—the number of vehicle and industrial accidents both declining for the third consecutive year. The joint safety committee, formation of which was announced last year, comprising members of Local 435 IBEW and System representatives, held frequent meetings throughout the year. Many of their recommendations have been adopted while future projects include introduction of the safety eye-glass programme and signal apparatus for night trouble vehicles. Alert to the possibility of flooding in various areas of the province during the spring of the year, the Plant department made advance preparations to protect System property and equipment and to avert any serious disruption of service. At the same time, emergency communications were established and maintained for provincial flood control agencies.

BUSINESS SERVICES

Meeting the specialized and rapidly changing needs of our business customers was a continuing objective throughout the year.

One of the highlights was the installation of Manitoba's first Centrex system which now provides communications for a large retail organization. In February of 1968, automatic

call distributor facilities were installed for this customer to provide 148 modern telephone order-taking positions. The new Centrex installation places the switching equipment on System premises where it can be made available for simultaneous use by several customers. Optional features enable callers to dial directly to local telephones and permit transfer of incoming calls between local telephones. These features make Centrex an attractive custom-made service offering for customers with large telephone requirements.

Eighteen major dial installations were made for other business customers during the year, and many small and medium-sized installations were made throughout the province including 88 dial private branch exchanges and 544 Key systems.

Wide Area Telephone Service continued in demand with a total of 62 lines in service at year end. WATS provides unlimited long distance calling for a fixed monthly charge to any one of seven progressively larger zones, the largest encompassing nearly all of Canada.

Five Manitoba companies are now using Message Switching Data Service, a Trans-Canada Telephone System nation-wide service for the automatic switching of business machine originated messages. Using electronic computers, MSDS enables various business machines using different codes and speeds to exchange data. The market for various other equipment and circuits for transmission of data was strong during the year.

As the range of available business communications becomes wider and more complex, highly trained and skilled System personnel are called upon to give expert advice and guidance in the application of telecommunications services. Nearly 1,800 personal contacts were made during the year in assisting customers to meet this need.

Installation of cable for Metro Winnipeg community antenna television firms continued at a rapid pace. The System acts as a carrier only, while the companies, under Federal Government license, supply the programmes and are responsible for their ultimate delivery to the customer.

Using System terminal equipment and transmission facilities, Manitoba business and industry can access distant computers.



PERSONNEL

Telephone people had a busy year in 1968-69. Their enthusiasm, skills, knowledge and ability were used most effectively to maintain the high quality of communications being offered to customers throughout the province. The number of System employees at the end of the fiscal year was 4,159.

Our employees kept pace with the increasing complexities of the industry, and prepared themselves for a greater degree of job fulfillment. During the year, 312 supervisory personnel attended one-week courses, as part of the System's Management Training Programme. The Plant Department Technical Training Centre conducted an intensive program of 96 conventional classroom courses for a total of 43,310 man-hours. Nearly 200 programmed electrical theory courses were completed by craft personnel for a total of 11,017 man-hours.

A good relationship has prevailed throughout the year with employee groups and new working agreements were satisfactorily negotiated.

TOMORROW'S CHALLENGE

To cater to a forecast growth of 18,500 more telephones as well as expand and improve existing services, capital spending of some \$29.9 million will be required during the coming year.

However note-worthy our achievements during the past year, we continue to face the challenge of the future. Our service objectives are the same for the coming year as in the past—to provide the best possible communications service, to as many people as possible, at the lowest possible cost. We believe these objectives can only be reached by maintaining the most careful control over expenses, the adoption of more efficient techniques as they become available, and by seeking additional revenue through the promotion of our services.

By means of a diversified marketing programme, we are encouraging the use of long distance (which accounts for about half our revenue) and promoting the use of the total telecommunications services we offer.

Not least among the challenges we face are the changing attitudes and standards of our customers who are more articulate in their demands for greater variety and scope of service. This means that our planning and resources must always be directed to making the right type of communications services available at the right time and place, in the right quantity and at the right price, to meet customer needs.

The accelerated advance in technology in the telecommunications industry brings its own challenge and responsibility—the challenge of the machine—and responsibility to people. This advance in technology demands continued and intensive training at all levels and the development of our people—their skills and potential—to meet and adapt to the needs of a changing society.

Accepting its obligations with a sincere sense of purpose, the System faces tomorrow and its challenge with confidence, well knowing it will mean innovation, enthusiasm and plain hard work. This confidence is supported by the proven ability, loyalty and team-work of employees dedicated to a growing Manitoba.

Faster, more efficient handling of customer work orders was achieved through this new installation of conveyor belts and circular filing centres.



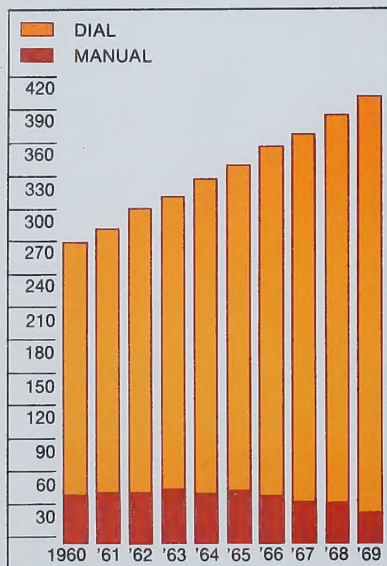
TEN YEARS OF PROGRESS

	1969	1968
NUMBER OF TELEPHONES		
Business	111,989	106,436
Residence	290,978	279,456
TOTAL SYSTEM OWNED	402,967	385,892
Per Cent Dial of System Owned	94.3	91.7
Private Line and Service Stations in Manitoba	2,649	2,680
TOTAL TELEPHONES IN MANITOBA	405,616	388,572
TELEPHONE MOVEMENT		
Connected	97,577	95,943
Disconnected	80,502	79,730
Increase	17,075	16,213
NUMBER OF CENTRAL OFFICES		
Exchange	236	234
Toll	48	44
PLANT IN SERVICE		
Miles of Poles	18,233	19,994
Miles of Wire (Open, Aerial, Underground)	1,900,596	1,795,077
Miles of Conduit	1,854	1,738
FINANCIAL		
Government Investment	\$ 47,517,027	\$ 57,017,027
Bonds Payable	132,579,709	115,079,709
Telephone Plant (Includes Plant Under Construction)	263,764,855	239,054,762
PER TELEPHONE	655	619
Total Revenues	50,174,775	44,461,250
Total Expenses	47,718,661	42,265,455
NET INCOME	2,456,114	2,195,795
EMPLOYEES		
Men	2,180	2,194
Women	1,979	2,063
TOTAL	4,159	4,257
TOTAL PAYROLL	\$ 24,752,609	\$ 22,683,143

1967	1966	1965	1964	1963	1962	1961	1960
101,994	96,156	91,521	86,830	82,524	78,889	71,778	67,656
267,685	257,206	248,462	240,516	230,633	221,712	213,549	201,995
369,679	353,362	339,983	327,346	313,157	300,601	285,327	269,651
90.0	88.2	87.3	87.0	86.2	85.8	85.2	84.7
2,577	2,553	2,509	2,083	2,200	2,184	1,831	1,860
372,256	355,915	342,492	329,429	315,357	302,785	287,158	271,511
91,222	82,352	81,215	82,294	75,959	74,122	84,246	76,871
74,905	68,973	68,578	68,105	63,403	58,848	68,570	56,532
16,317	13,379	12,637	14,189	12,556	15,274	15,676	20,339
230	231	230	227	227	222	223	220
47	49	56	59	66	78	100	101
21,278	22,167	22,864	23,085	22,873	22,812	22,678	22,507
1,661,490	1,516,211	1,417,825	1,354,742	1,277,857	1,160,549	1,095,402	995,550
1,630	1,518	1,464	1,407	1,353	1,277	1,179	1,102
\$ 56,490,000	\$ 63,724,248	\$ 70,854,248	\$ 75,024,248	\$ 78,403,879	\$ 84,575,818	\$ 95,025,818	\$ 85,485,910
95,079,709	75,079,709	59,500,000	47,500,000	35,000,000	20,000,000	—	—
217,942,253	200,616,358	189,868,031	178,407,619	165,711,825	152,002,246	139,116,347	128,192,226
590	568	558	545	529	506	488	475
41,475,246	36,984,920	33,422,453	30,254,001	27,823,548	25,859,940	23,645,333	21,823,975
37,953,045	34,253,848	32,082,976	30,049,006	27,201,186	25,083,409	23,155,004	21,272,165
3,522,201	2,731,072	1,339,477	204,995	622,362	776,531	490,329	551,810
2,084	2,085	2,021	2,052	1,961	1,846	1,869	1,877
2,042	1,905	1,854	1,834	1,787	1,716	1,661	1,611
4,126	3,990	3,875	3,886	3,748	3,562	3,530	3,488
\$ 20,236,722	\$ 18,225,638	\$ 16,973,328	\$ 16,323,055	\$ 14,844,131	\$ 14,036,874	\$ 13,100,341	\$ 12,482,299

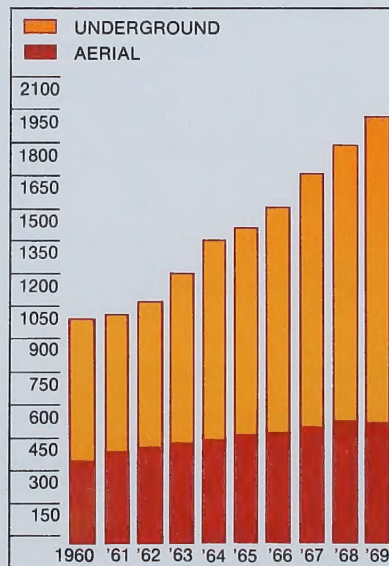
TELEPHONES

In thousands of telephones



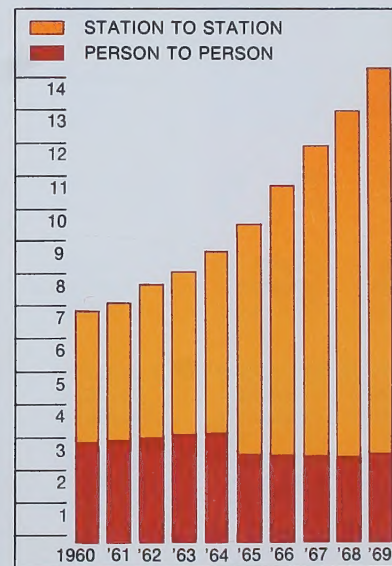
WIRE & CABLE FACILITIES

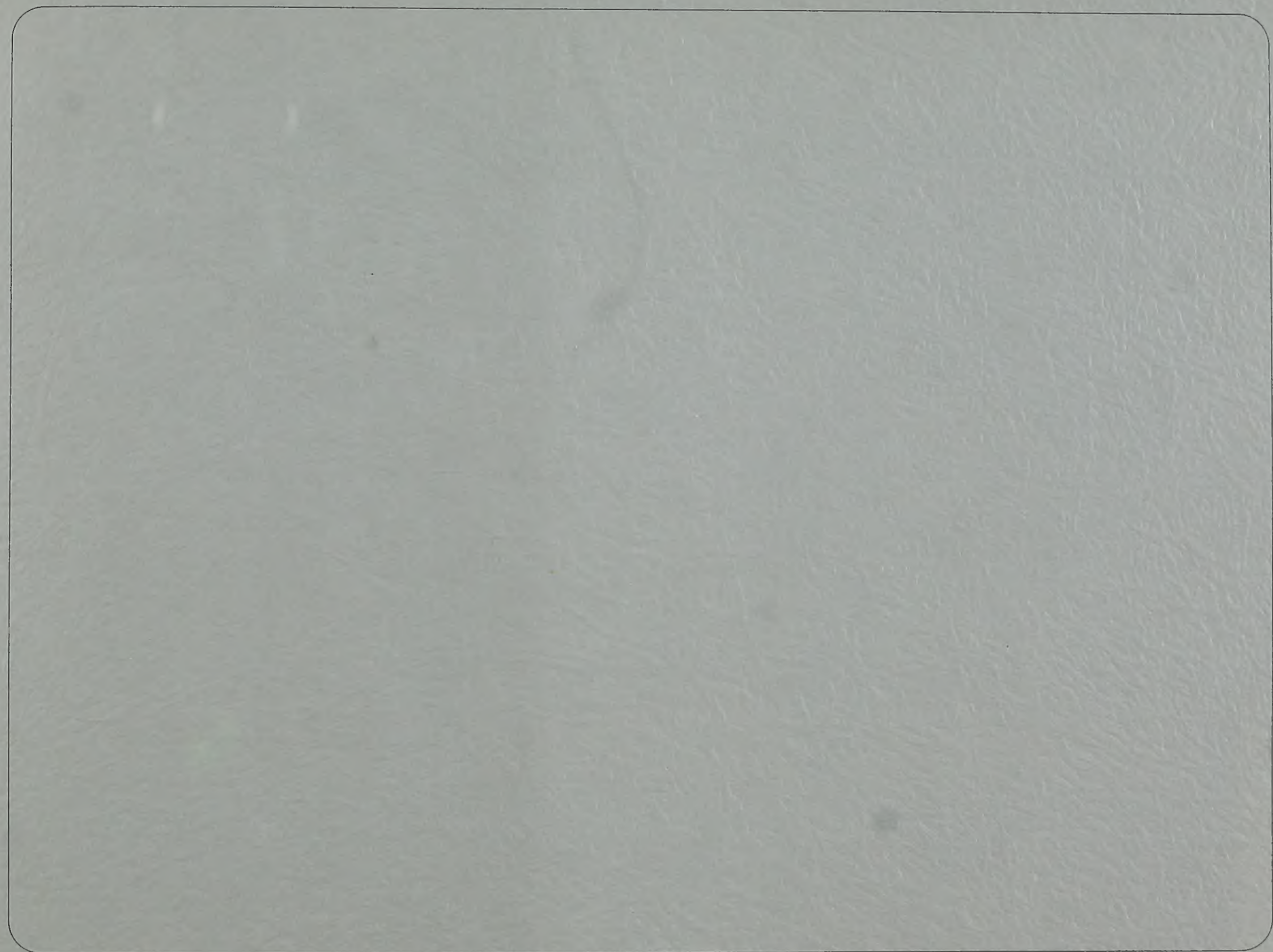
In thousands of miles



LONG DISTANCE MESSAGES

In millions of messages







Manitoba Telephone System, part of
Trans-Canada Telephone System